

P 270956Z MAR 09
FM AIT TAIPEI
TO SECSTATE WASHDC PRIORITY 1241
INFO CHINA POSTS COLLECTIVE
AMEMBASSY WELLINGTON
AMCONSUL CHIANG MAI
AMCONSUL HO CHI MINH CITY
NATIONAL SECURITY COUNCIL WASHINGTON DC
DEPT OF TREASURY WASHDC
DEPT OF COMMERCE WASHDC
CIA WASHDC
DIA WASHINGTON DC
USPACOM HONOLULU HI

C O N F I D E N T I A L AIT TAIPEI 000362

STATE FOR EAP/TC
STATE PASS USTR FOR STRATFORD AND ALTBACH, TREASURY FOR
OASIA/WINSHIP AND PISA, NSC FOR LOI, COMMERCE FOR
4431/ITA/MAC/AP/OPB/TAIWAN

E.O. 12958: DECL: 03/28/2018
TAGS: [ECON](#) [EFIN](#) [ETRD](#) [PGOV](#) [PREL](#) [TW](#) [CH](#)
SUBJECT: TAIWAN FINALIZING AGENDA FOR NEXT ROUND OF
CROSS-STRAIT TALKS

Classified By: AIT Director Stephen M. Young for reasons 1.4 (b) and (d).

¶1. (SBU) Summary. Taiwan hopes to schedule the next round of talks between the Straits Exchange Foundation and China's Association for Relations Across the Taiwan Strait for mid-May, although the actual date has yet to be confirmed with Beijing. The agenda for the talks will encompass cross-strait law enforcement cooperation, regularly scheduled passenger flights, financial sector opening, and PRC investment in Taiwan. End Summary.

¶2. (C) On March 24, Mainland Affairs Council (MAC) Vice Chairman Fu Don-cheng told us the agenda for the next round of talks between Taiwan's Straits Exchange Foundation (SEF) and the PRC's Association for Relations Across the Taiwan Strait (ARATS) has largely been worked out with officials in Beijing. Fu said Taiwan will seek to hold the SEF-ARATS talks in mid-May, in order to allow time for the Legislative Yuan to review any agreements signed during the talks before the current legislative session ends in June. Fu added that the PRC has yet to agree officially on the actual dates for the SEF-ARATS talks. (Note: We have heard from other sources that the talks could take place any time between late April and early June. End Note.) In addition, the location the PRC authorities have yet to decide where the talks will be held, although Fu opined it would not likely be in Beijing.

¶3. (C) According to Fu, the agenda for the talks will include cross-strait law enforcement cooperation, establishing regularly-scheduled passenger flights, reciprocal opening of banking and financial services markets, and PRC investment in Taiwan. Fu said Taiwan authorities anticipate signing framework agreements on financial oversight, extradition of criminals, and cross-strait flights. He added Taiwan expects that memoranda of understanding covering the details of opening markets in banking, securities and insurance would be subsequently negotiated and signed by technical experts from both sides.

¶4. (C) Regarding cross-strait passenger flights, Fu said Taiwan is still waiting for Beijing's response to the Ma administration's proposal to transform the present regime of daily charter flights to a system of regularly-scheduled passenger and cargo flights. The talks will also encompass the number of flights each side will operate. Fu said the PRC has indicated clearly it is not willing to discuss granting Fifth Freedom rights to allow Taiwan airlines to operate onward flights from Mainland airports.

¶5. (C) According to Fu, Taiwan officials do not anticipate signing an agreement on allowing Mainland investment in

Taiwan, but will likely issue a joint statement endorsing investment liberalization. Fu said PRC investors are primarily interested in Taiwan's banking sector, but because of the relatively small size of the island's banks in relation to the Mainland's, the Ma administration plans to move slowly on allowing PRC investors access. Fu said other sectors of interest to PRC investors are high technology manufacturing, tourism, real estate, public transportation and logistics, and the "Ai Taiwan" infrastructure projects. According to Fu, Taiwan's construction industry opposes allowing Mainland investment in construction at the island's harbors or airports, although the administration is open to possible build-operate-transfer (BOT) arrangements as with Taiwan's toll highways and high speed railway. Fu said Taiwan's industry associations oppose Mainland investment in industrial manufacturing.

¶6. (C) Regarding joint cooperation on crime fighting, Fu said in addition to extradition of suspects, Taiwan will seek to establish a mechanism to verify the authenticity of legal documents, as well as information sharing between law enforcement agencies.

Comment

¶7. (C) Taiwan appears confident that the PRC will agree to the agenda outlined by MAC's Fu, although it seems likely that some of the agreements signed during the next round of SEF-ARATS talks will be general frameworks to guide subsequent negotiation of the details of implementation. End Comment.

YOUNG